

Message Text

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ORIGIN PRS-01

INFO OCT-01 CCO-00 RSC-01 SS-20 SSO-00 ISO-00 AEC-11

AID-20 CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00 EB-11

FEA-02 FPC-01 H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07

OMB-01 PM-07 SAM-01 SCI-06 SP-03 STR-08 TRSE-00 PA-04

USIE-00 NSCE-00 INRE-00 /133 R

DRAFTED BY S/PRS:PHARE:SM

APPROVED BY S/PRS - PAUL HARE

EB - MR. KATZ

S/S - GEORGE TWOHIE

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O 080133Z MAY 74 ZFF4

FM SECSTATE WASHDC

TO AMCONSUL JERUSALEM IMMEDIATE

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TOSEC 379

E.O. 11652: N/A

TAGS: PFOR

SUBJECT: BACKGROUNDER -- ENERGY COORDINATING GROUP

FOLLOWING ARE KEY EXCERPTS FROM BACKGROUNDER GIVEN BY JULIUS KATZ TUESDAY, MAY 7, ON RECENT ENERGY COORDINATING GROUP MEETING IN BRUSSELS, ARRANGED IN RESPONSE TO PRESS INTEREST.

BACKGROUNDER WAS GIVEN ESPECIALLY TORTURED AND UNFAIR INTERPRETATION BY REUTERS WHO LED "ANOTHER OF SECRETARY OF STATE HENRY KISSINGER'S PET PROJECTS, THE INTERNATIONAL ENERGY CONFERENCE, IS SLIPPING AWAY INTO VAGUENESS AND UNCERTAINTY, STATE DEPARTMENT OFFICIALS INDICATED TODAY."

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THIS CAN BE CONTRASTED TO UPI LEAD WHICH STATED: "STATE

DEPARTMENT OFFICIALS SAID TUESDAY THE MAJOR OIL-CONSUMING COUNTRIES OF THE WORLD STILL BELIEVE A MULTILATERAL CONFERENCE WITH OIL-PRODUCING NATIONS COULD BE HELD BUT IT IS NOT AS URGENT A MATTER AS THREE MONTHS AGO."

KATZ LED OFF WITH SOME BRIEF COMMENTS ON ORGANIZATION AND WORK OF ENERGY COORDINATING GROUP. HE ALSO SPOKE TO THE QUESTION OF TIMING:

"WE DON'T HAVE A FINAL TERMINAL DATE, BUT WE CAN, I THINK, BEGIN TO SEE SOME LIGHT AT THE END OF THE TUNNEL. WE EXPECT, OVER THE COURSE, PROBABLY, OF THE NEXT TWO MONTHS WE WILL COME TO SOME CONCLUSIONS AND PERHAPS TO A CONCLUSION. THE TIMETABLE, FRANKLY, HAS SLIPPED FROM WHAT WE HAD ENVISAGED ORIGINALLY, ALTHOUGH I PERSONALLY NEVER ACCEPTED THE ORIGINAL TIMETABLE, WHICH I THINK WAS MAY 1 OR APRIL 1 -- I DON'T KNOW -- IT WAS NOT REALLY VERY REALISTIC, GIVEN THE NUMBER OF MATTERS THAT WE ARE EXAMINING -- AND ALSO, GIVEN THE LEVEL OF COMPREHENSION AND OF UNDERSTANDING OF SOME OF THE ISSUES BY OTHER GOVERNMENTS -- AND OUR OWN GOVERNMENT, AS WELL -- I THINK THAT OUR THINKING HAS CERTAINLY EVOLVED AS WE HAVE GONE INTO THESE SUBJECTS."

FOLLOWING ARE PERTINENT Q'S AND A'S:

"Q. WASN'T THE END PRODUCT SUPPOSED TO BE PREPARING FOR CONFERENCES WITH UNDER-DEVELOPED COUNTRIES, AND MORE SPECIFICALLY SETTING UP THE CONFERENCE OF OIL PRODUCERS AND CONSUMERS?

A. YES, THAT WAS ONE OF THE END PRODUCTS -- WAS A MEETING WITH PRODUCERS TO WHICH OTHER CONSUMING COUNTRIES WOULD BE INVITED, INCLUDING DEVELOPING COUNTRIES. AND THAT REMAINS AN INTEREST AND AN OBJECTIVE OF THE COUNTRIES THAT ARE IN THE COORDINATING GROUP. OF COURSE, THERE HAS BEEN A RECENT MEETING IN NEW YORK WHICH DEALT IN PART WITH PROBLEMS IN THE ENERGY FIELD. IT WAS NOT AN ENERGY MEETING AS SUCH.

Q. YOU ARE REFERRING TO THE GENERAL ASSEMBLY?
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A. YES, THE SPECIAL SESSION OF THE GENERAL ASSEMBLY. SO THAT THERE WAS AN OPPORTUNITY FOR A GREAT DEAL OF CONTACT WITH PRODUCERS, BETWEEN PRODUCERS AND CONSUMERS, ON THE SUBJECT OF ENERGY. I CANNOT NOW TELL YOU WHAT THE LIKELY DATE, OR TELL YOU SPECIFICALLY WHEN THERE MIGHT BE SUCH A PRODUCER-CONSUMER MEETING IN ENERGY SPECIFICALLY. THE SUBJECT IS STILL ALIVE.

Q. IS IT STILL A U.S. OBJECTIVE TO HAVE SUCH A MEETING?

A. YES, IT IS AN OBJECTIVE OF THE SIGNATORIES OF THE WASHINGTON ENERGY CONFERENCE, THE COMMUNIQUE.

Q. MR. KATZ, YOU SAID THAT U.S. THINKING HAD EVOLVED SINCE THE FEBRUARY MEETING. CAN YOU TELL US SPECIFICALLY IF ANYTHING THAT DR. KISSINGER HOPED FOR HAS BEEN ABANDONED OR CHANGED, OR CAN WE GO BACK TO THAT ORIGINAL OUTLOOK HE GAVE AND REGARD THAT AS STILL THE GENERAL U.S. VIEW?

A. WELL, NO. I THINK IF ANYTHING THE GENERAL THRUST OF OUR APPROACH HAS BEEN BORNE OUT. AND THAT IS THAT -- FIRST OF ALL, THERE WAS NO NEED FOR PANIC IN THE SITUATION. OUR VIEWS ON THE MARKET OUTLOOK HAVE BEEN BORNE OUT TO SOME EXTENT. THERE HASN'T BEEN A SIGNIFICANT CHANGE IN THE PRICE SITUATION, EXCEPT AT THE MARGIN. BUT SOME OF THE HYSTERIA IS OUT OF THE SITUATION NOW. OIL IS NOT SELLING AT 17 DOLLARS OR 22 DOLLARS A BARREL. THE AUCTION PRICES ARE WELL OFF. THERE IS SOME QUESTION AS TO WHETHER THERE IS ANY GIVE IN THE BASIC PRICE STRUCTURE. THAT YET REMAINS TO BE SEEN. SECONDLY, WE FELT THAT THERE WERE MEASURES AND PROGRAMS THAT CONSUMERS COULD AND SHOULD AGREE ON AMONG THEMSELVES. AND THAT EFFORT IS GOING FORWARD AND GOOD PROGRESS HAS BEEN REGISTERED.

THE IDEA OF WHAT WE WOULD DISCUSS WITH PRODUCERS I THINK HAS UNDERGONE SOME EVOLUTION, AS WE HAVE SEEN.

I THINK IN THE SITUATION IN THE EARLY PART OF THE YEAR LIMITED OFFICIAL USE

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THERE WAS A FEELING THAT A MEETING WITH PRODUCERS WAS URGENT
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